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IN THE

Supreme Court of the United States

OCTOBER TERM—1949 No. 708

IB CHR SONNESEN.

Petitioner.

__v._

PANAMA TRANSPORT COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS OF THE STATE OF NEW YORK

JACOB RASSNER,
Proctor for Petitioner.

ROBERT KLONSKY,



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Opinion Below

The opinion of the Court of Appeals of the State of New York is reported at 298 N. Y. 262, 82 N. E. 2d, 569. Motion for reargument of or to amend the remittitur in the cause was denied by the said Court of Apeals on the 13th day of January, 1949, upon the ground "that the opinion of this Court shows that a Federal question was involved and was necessarily decided upon the appeal."

Jurisdiction

The judgment of the Court of Appeals was entered on the 24th day of November, 1948, and the motion for reargument was denied on the 13th day of January, 1949. The jurisdiction of this Court is invoked under Section 2, Article III of the Constitution of the United States and 28 U.S. C. 1257 (3).

Questions Presented

The issues are resolved from a factual situation in which an alien seaman was permanently disabled by reason of a maritime tort originating in a United States port and aggravated in part on the high seas and in part at United States controlled bases and waters, while serving aboard a vessel under Panamanian registry, in fact owned by American interests, for a voyage that began and ended in United States ports, pursuant to Articles signed in a United States port, and under the control and supervision of United States authorities in aid of the United States war effort. The issues are:

- 1. Should an alien seaman be denied the rights and remedies of the Jones Act, Sec. 688, Title 46 U. S. C. A., for a maritime tort committed on a vessel of foreign registry,
 - a) where the voyage began and ended in United States ports,
 - b) pursuant to Articles signed in a United States port, and
 - c) where the tort was a continuing one, originating in a United States port and aggravated in part on the high seas and in part at United States controlled bases and waters.
- 2. Should an alien seaman be denied the rights and remedies of the Jones Act, Sec. 688, Title 46 U. S. C. A.,

for a maritime tort committed on a vessel of foreign registry,

- a) where in fact the vessel was owned by American interests,
- b) where no member of the crew was a citizen of or resided in the State of registry of the vessel,
- c) where the State of registry of the vessel provides no like remedy for a matter without the internal economy of the vessel.
- 3. Should an alien seaman be denied the rights and remedies inherent in the General Maritime Law for a maritime tort committed on a vessel of foreign registry originating in a United States port and aggravated in part on the high seas and in part at United States controlled bases and waters,
 - a) where the primary negligence is predicated on failure to afford a seriously ill seaman prompt and adequate treatment and relief from duties,
 - b) where the tort is without the internal economy of the vessel and falls within the bounds of communis juris.¹

Stage in the Proceedings When Questions Arose

The issues of the above entitled action were brought on for trial before Hon. John H. McCooey, Jr., and a jury at Trial Term, Part IV, at the Supreme Court of the State of New York, held in and for the County of Kings. On the

¹ United States Constitution—Section 2, Article III: "The Judicial Power shall extend to * * * all cases of admiralty and maritime Jurisdiction * * * "

30th day of September, 1946, the jury rendered a verdict in favor of the plaintiff in the sum of \$15,000.00 on the first cause of action predicated on the Jones Act, and in the sum of \$6000.00 for maintenance and cure on the second cause of action, making a total sum of \$21,000.00.

A motion by the defendant for an order setting aside the verdict on the grounds that it was contrary to the law and against the weight of the evidence was denied by the Trial Court.

The defendant, Panama Transport Company, appealed to the Appellate Division of the Supreme Court, Second Judicial Department, on the 17th day of October, 1946. On June 30, 1947, the said Appellate Division reversed the Court below on the law and the facts, without prejudice to a later suit by the seaman to recover the expenses of such maintenance and cure as may be necessary. (The opinion of said Court appears on page 306 of the Transcript of Record.)

Thereupon, the plaintiff Ib Chr Sonnesen appealed to the Court of Appeals of the State of New York on the 25th day of August, 1947. Said Court on the 24th day of November, 1948, reversed the judgment of the Appellate Division and granted a new trial with costs to the appellant to abide the event. (The opinion of said Court appears on page 311 of the Transcript of Record.)

On the 14th day of December, 1948, the plaintiff-appellant filed a notice of motion for reargument, or in the alternative, for recall of that Court's remittitur, and amendment of the same to show that there was a Federal question involved, to wit, the interpretation of the Jones Act as to its applicability to alien seamen.

Said motion was denied on the 13th day of January, 1949, upon the ground that the opinion of that Court showed that a Federal question was involved and was necessarily decided upon the appeal.

Petitioner is foreclosed from proceeding in any State Court under and by virtue of the Jones Act.

This petition is predicated on the finality of such preclusion and in the belief that the Court below erred in holding that a Federal statute, to wit, the Jones Act, and the General Maritime Law cannot be availed of by an alien seaman for the recovery of damages predicated on a maritime tort and the expenses for maintenance and cure for an illness suffered on a voyage which began and ended in American ports pursuant to articles drawn in an American port, where the lex loci delicti was in part, at least, under jurisdiction of the United States Government.

The decision of the Court below was in opposition to and in disregard of the decisions of this Court and the Court of Appeals for the Second Circuit. The Federal question involved is substantial.

Statement of Facts

Petitioner joined the S.S. Orville Harden at New York (fol. 56). On October 22, 1943, he signed ship's articles on the vessel (fols. 255, 256, Def's. Exhibit C). The flag of the vessel was Panamanian.

The Panama Transport Company, an alien corporation, maintains its principal place of business at 30 Rockefeller Plaza, Borough of Manhattan, City and State of New York (fols. 36, 37), subject to the orders and control of the Standard Oil Company of New Jersey, an American corporation (fols. 128, 802).

Respondent does not deny that all of the stock of said Panama Transport Company was owned by said Standard Oil Company of New Jersey (fol. 550).

The vessel in question was being operated on behalf of the United States Government, its navigation under control of the United States Navy (fol. 776).

At all times during the voyage, the vessel in question was under the control and domination of the United States Navy (fol. 776), compelling radio silence (fols. 778-779), directing the port to which the vessel should proceed, and re-routing the vessel at will (fols. 774, 775).

The ship sailed to Curacao, Dutch West Indies and departed from there on November 6, 1943 for the Panama Canal (fols. 769, 770). Passing through the Canal the vessel had a slight collision and it was necessary for it to return to Galveston, Texas, where it was drydocked and repaired.

On the 12th day of November, 1943, when the petitioner was sent in to steam out a tank aboard the vessel, his clothes and body became all wet (fols. 139, 144, 145). At said time he was overcome by gas fumes in the tank. About six or seven days later, he began to feel the effect of a cold (fols. 154, 155) and or asional headaches (fol. 157). The cold seemed to clear after about a week (fols. 156, 157), but about eight days later, the headaches started again accompanied by pains in the chest and a sore throat (fol. 161). The vessel left Texas City on December 22, 1943 bound for the Panama Canal on orders to sail to New Hebrides (fol. 774). During this period, petitioner

began getting headaches, pains and caught a bad cold again, of which he complained to the chief mate and requested hospitalization (fols. 161, 162). He was not relieved of his duties and continued working with complaints of headaches and pain almost every day and complete loss of appetite (fol. 163). When the vessel was two weeks west of the Canal, the United States Navy, under whose orders it was traveling, re-routed it to the island of Funafuti, one of the Ellice Islands which are in the South Pacific Ocean (fols. 774, 775, 780). Funafuti was an advance Navy Base under the jurisdiction of the United States Navy (fols. 172, 174, 349, 355, 783, 790) conceded to be an American Base by the respondent on page 6 of its brief to the Court of Appeals of the State of New York.

The mate had petitioner examined by a Navy doctor aboard a Navy ship at Funafuti. The medical log (Plaintiff's Exhibit I, fol. 474), indicates that the doctor believed that Sonnesen then had tuberculosis and the mate admitted that he heard the doctor ask Sonnesen as to any family history of tuberculosis (fol. 93).

When Sonnesen asked the mate for hospitalization (fol. 190) the mate replied that Sonnesen was healthier than the mate was and should continue with his duties (fol. 91), in spite of his complaints of headaches, chest pains, loss of appetite and continuous, steady and obvious loss of weight (fol. 191).

Sonnesen was not relieved from duty until the latter part of February, 1944 (fols. 72, 73) although the examination on the Navy ship took place on February 10, 1944 (fols. 172, 174).

On arrival at the Canal Zone from Funafuti, petitioner was transferred to the United States Marine Hospital there, where he was treated for some months and then transferred to the Brighton Marine Hospital, Brighton,

Mass., where he received treatment for almost two years (Exhibit I).

In view of petitioner's proof, the testimony of the vessel's master Kaj Borgby, constituted an admission of negligence on the part of the respondent. He testified as follows (fols. 811, 812):

"Q. If you had seen a man losing weight from day to day regularly, so badly that you could see yourself that he was losing weight, if you saw that that particular man was suffering with a continuous cough for several weeks without let up, a bad cough, if you knew that the man had pains in his chest continuously, if you knew that the man couldn't hold his food on his stomach, would you have taken him off duty or would you have kept him on duty regardless whether he asked for it or not? A. I would have taken him off,"

Dr. J. George Lang testified that Sonnesen will require seven years *outpatient care* to get the best cure possible, but that the condition was permanent and totally disabling from engaging in gainful manual occupation (fols. 491, 492).

Dr. Berthold S. Pollak corroborated this estimate of outpatient care required, his estimate being from five to eight years for further outpatient treatment to obtain the best cure possible, but that he would never be entirely cured (fol. 424). He fixed the minimum period of outpatient care required at five years (fol. 424).

The tort was a continuing one, committed mainly within the ports, bases, territorial waters and waters under the jurisdiction of the United States, to wit, New York City (fol. 56), Galveston and Texas City (fols. 57, 153, 773), Balboa, Canal Zone (fols. 63, 138, 773), Guantamano, American Navy Base in Cuba (fol. 773), Advanced American Navy Base at Funafuti (fols. 349, 355, 783, 790).

Specification of Errors to Be Urged

The Court of Appeals of the State of New York erred:

- 1. In holding that the verdict for petitioner on the first cause of action could not stand by reason of his action under and by virtue of the Jones Act.
- 2. In failing to hold in consonance with the opinions of the Federal Courts that an alien seaman serving aboard a vessel under foreign registry for a voyage which began and was to end in American ports pursuant to ship's articles signed here in an American port could proceed under the Jones Act.
- 3. In failing to hold that the lex loci delicti herein was under American jurisdiction.
- 4. In failing to hold that by reason of the control of the vessel by the United States authorities that alien seamen serving thereon should be afforded the benefits of the Jones Act.
- 5. In failing to hold that the vessel under foreign registry, in fact owned by an American corporation, comes within the purview of American statutory law.
- 6. In failing to hold that matters not within the internal economy of the vessel, nor involving discipline, as in this case, where negligence of the respondent is involved, should be determined according to the Jones Act and/or General Maritime Law.
 - 7. In remitting this cause to Panamanian law wherein there is no like remedy as the Jones Act.
- 8. In failing to reverse the Appellate Division in its holding that a seaman could not recover for maintenance and cure despite convincing, substantial and reliable evi-

dence, and belief by the jury to the effect that petitioner would be required to spend from five to eight years as an outpatient before he could attain the best cure possible.

- 9. In failing to hold that Kyriakos v. Goulandris, et al., 151 F. (2d) 132, Gambera v. Bergoty, 132 F. (2d) 414 c.d. 319 U. S. 742 and McGhee v. U. S. A., 154 F. (2d) 101, were determinative holdings on the questions presented herein.
- 10. In failing to apply the Jones Act, although the vessel was of foreign registry, by reason of de facto ownership by an American corporation, in opposition to the cases of Gerradin v. United Fruit Co., 60 F. (2d) 927 c.d. 287 U. S. 642 and Carroll v. U. S., et al., 133 F. (2d) 690.
- 11. In failing to reinstate the judgment, based on a jury verdict, which the trial court ruled was in accordance with the Law and supported by the evidence.

Reasons for Granting the Writ

An alien seaman serving in aid of the United States war effort has been discriminated against by the Court of Appeals of the State of New York and denied the protection of the Jones Act accorded American seamen under similar circumstances.

This case concerns a continuing tort committed by the respondent against the petitioner, originating at Galveston and occurring in part on the high seas and in part on waters, bases, and territories under the jurisdiction of the United States Government.

There is a recent and clear line of decisions emanating from the Court of Appeals for the Second Circuit to the effect that the controlling element is whether a voyage commenced and was terminated in United States ports. In the case of Gambera v. Bergoty, supra, said Circuit Court found for an alien seaman as to the applicability of the Jones Act by reason of the fact that the voyage began and ended in the United States.

Judge Augustus N. Hand, in the case of Kyriakos v. Goulandris, et al., supra, presented the issue in the following language (p. 136):

"We are thus called upon to determine whether an alien seaman who signed on in an American port for a voyage beginning and ending in American waters can sue under the Jones Act. Although the matter is doubtful we believe that he can."

In that case Judge Hand distinguished the case of *The Paula*, 91 F. (2d) 1001, where a German seaman signed on in Chile for a voyage aboard a Danish vessel and by analogy cited this Court's decision in the case of *Patterson* v. *Bark Endora*, 190 U. S. 172, wherein it was held on page 179:

"We are of the opinion that it is within the power of Congress to protect all sailors shipping in our ports on vessels engaged in foreign or interstate commerce, whether they belong to citizens of this country or of a foreign nation, and that our courts are bound to enforce those provisions in respect to foreign equally with domestic vessels."

Referring to said opinion of this Court, Judge Hand continued as follows on page 137 of the Kyriakos opinion:

"By it, the class protected by Congress is defined as 'all sailors shipping in our ports'. No distinction is made between foreign and American sailors, or foreign and American ships." The Court, in Kyriakos v. Goulandris, et al., supra, concluded that by reason of the statute and decisions, particularly Gambera v. Bergoty, supra, that this all would:

"* * * indicate a tendency to give the statutes in aid of seamen a liberal interpretation which would seem to cover the rights of the libellant in the present case. It would not invade the internal economy of foreign vessels further than has already been done and would pro tanto lessen a competitive advantage to foreign shipowners in hiring aliens rather than Americans for their crews."

The dissenting opinion of L. Hand, C. J., analyzed the meaning of the Kyriakos decision to the effect that liability would hereafter depend on whether "the foreign seaman signs on in a United States port or abroad" (p. 139).

This trend to give the Jones Act a liberal interpretation is grounded in *Uravic* v. *Jarka*, 282 U. S. at page 240, 51 S. Ct. 111, 112, 75 L. Ed. 312, where this Court stated with reference to an American stevedore injured while at work in New York Harbor on a German owned ship, opinion by Judge Holmes, as follows:

"••• we see no reason for limiting the liability for torts committed there when they go beyond the scope of discipline and private matters that do not interest the territorial power."

The inclination of our Courts to assume jurisdiction of meritorious foreign seamen cases, even where an internal matter as wages is concerned, can be found in cases decided as far back as the 18th and 19th centuries:

Weiberg, et al. v. The St Oloff, 2 Pet. Adm. 428, 29 Fed. Cases 591, Case No. 17,357; 1790;

Bucker v. Klorkgetter, 4 Fed. Cases 555, Case No. 2083; 1849; and cases cited therein;

The Lillian M. Vigus, 15 Fed. Cases 520, Case No. 8346; 1879 (note that this case turned on the fact that the foreign seamen were from a different country than the State of registry of the vessel, as in the case at bar).

The petitioner contends that he is entitled to the same rights as an American seaman.

Any doubt on this score must be resolved in the petitioner's favor, as stated by Frank C. J. Court of Appeals for the Second Circuit, March 5, 1946, in the case of McGhee v. U. S. A., supra:

"Congress plainly meant to grant those alien seamen who manned our merchant marine during the war in the time of our dire necessity the same protection as American seamen. Surely nothing less could in decency have been vouchsafed them. * * We cannot believe that it was the intent of Congress by such juggling to keep the promise to the ear, only to break it to the hope."

The United States Supreme Court has held time and again that an action predicated on tort may be maintained in any jurisdiction whose policy is not contrary to the laws where the tort was committed.

Huntington v. Attrill, 146 U. S. 657; Stewart v. B. & O., 168 U. S. 445.

The opinion of the Court of Appeals of the State of New York refers to an Article by Carlos Berguido, Jr., on the Rights of a Seaman on a Ship under Panamanian Registry, 19 Temple L. Q. 458. In said article there is no reference whatsoever to an action predicated on tort and the recovery of damages therefor. According to the writer of said article, by Article 1217 of the Commercial Code of the Republic of Panama, recovery is allowed to a member of a crew who is ill, wounded or mutilated, to the extent of his wages until recovery and a reasonable sum for repatriation expenses, but is completely silent as to damages for personal injury or illness aggravated by negligence.

After analyzing the Article, one must infer that Panamanian law is silent and would not control where tort is committed on the high seas. Your petitioner has been unable to find any law of Panama that would allow an action for negligence by a seaman against a shipowner.

Then one must look to the law of the state in control of a vessel and not of the law where said vessel may be registered.

The conclusion that the United States Government by its control of the navigation of the vessel must allow its statutory benefits to be availed of in favor of alien seamen inheres in the following statement by the late Chief Justice Stone in the case of O'Donnell v. Great Lakes Co., 318 U. S. 36, where on page 42, he states as follows:

"The right of recovery in the Jones Act is given to seamen as such, and, as in the case of maintenance and cure, the admiralty jurisdiction over the suit depends not on the place where the injury is inflicted but on the nature of the service and its relationship to the operation of the vessel plying in navigable waters."

Further, the record discloses that the respondent has failed to sustain its burden of showing that it falls within the provisions of Article 1080 of the Commercial Code

of the Republic of Panama, as set forth in the Temple L. Q. Article, supra, as follows:

"Article 1080: Merchant ships belonging in whole or in part to Panamanian citizens or to foreigners domiciled in the Republic and with more than five years' residence therein, or to commercial companies having their principal office and place of business in Panama, shall be considered as Panamanian, provided they be registered and enrolled as such and their owners submit expressly to the legal provisions of the Republic concerning navigation * * *."

Respondent could not sustain such burden because in fact the principal office of the Panama Transport Company is in New York City (fols. 36, 37). It was not denied that the entire stock of the Panama Transport Company was owned by an American corporation (fol. 550).

Mr. Berguido sets forth a usual agreement by and between a Panamanian corporation and its crew members on a Panamanian registered vessel where the intent of the parties is to be bound by Panamanian law in respect to injuries and illness suffered on such vessel. No such agreement is involved herein. The omission is compelling, particularly in the light of the rider to the Articles of Agreement pertaining to insurance coverage and war bonuses under the administrative direction of the United States Shipping Commissioner. The only office of the Panama Transport Company referred to in said agreement is the office at the Port of New York. These facts. together with the other facts of relationship recited above. conclusively show indicia of ownership and/or control by an American corporation, and domination by the United States of America.

On this set of facts, the case of Gerradin v. United Fruit Co., supra, is in point. There the S.S. Castilla was an American owned vessel but registered under the law of Honduras and flying the Honduras flag. In an opinion by Augustus N. Hand, C. J., concurred in by L. Hand and Swan, Circuit Judges, the Court of Appeals for the Second Circuit held that it was primarily concerned with the fact that the vessel was in fact owned by an American corporation.

Referring to Article 22 of The Treaty of Honduras with the United States, which states that the Consular Officer would have exclusive jurisdiction arising out of the internal order of private vessels of his country, the Court held as follows on page 930:

"This article relates only to matters of 'internal order' or 'discipline' on board a vessel of Honduran registry as to which the treaty might prevail in an American port, but it does not affect rights of seamen to recover damages for negligence against an American citizen who owns the vessel."

This was followed in Carroll v. United States, et al., 133 F. (2) 690, opinion by Learned Hand, Circuit Judge, where an alien seaman was allowed to sue under the Jones Act for personal injuries suffered on a vessel under Panamanian registry, in fact owned by American interests, as in the case at bar, the Court stating as follows on page 693:

"Hence the libellant was free to sue the Agency in the Southern District of New York under the Jones Act if it had its principal office in that district. Sec. 688, Title 46, U. S. C. A. It is true that the record shows only that it had 'an office' within the district, but the

chance is so small that the principal office of a New York corporation engaged in the steamship business should be in another district of the state, that we may assume the contrary until an objection be raised. Moreover, since the ship was American owned—even though under foreign registry—the libellant, an alien, may avail himself of the Jones Act. Gerradin v. United Fruit Co., 2 Cir., 60 F. 2d 927."

It is significant in the case at bar that the answer of the Panama Transport Company does not challenge venue or the jurisdiction of the forum.

There is absolutely no justification for the laws of Panama to govern the rights of an alien seaman disabled during his service in aid of the U. S. war effort which Panamanian laws give practically no protection to a seaman and no cause of action for damages caused by the fault of a ship's officer or fellow crew member.

As heretofore pointed out, it would be clearly against public policy and in violation of the intent of the Jones Act to deprive American seamen of equal opportunity with alien seamen to get employment in American ports on ships flying alien flags, where the true ownership as distinguished from the record ownership of the vessel, is actually American. It is likewise contrary to the intent of the Jones Act to make a distinction as to the applicability of the provisions of the Jones Act to an American seaman and to an alien seaman.

Irrespective of the question of ownership and the fact that the *lex loci delicti*, in part at least, was under the jurisdiction of the United States Navy, respondent should be held amenable to the provisions of the Jones Act.

1. It would be against public policy and unjust to permit American steamship companies to put their vessels

under alien flags for the primary purpose of evading and avoiding the laws of the United States.²

- 2. It would be against public policy and unjust to permit American steamship companies to make contracts in the United States for voyages which are to commence and terminate in the United States, to be controlled by the laws of a foreign country which renders no protection or redress to seamen injured or rendered ill in the service of their vessels.
- 3. It would be against public policy and unjust to permit American steamship companies by legal jugglery to avoid the laws of the United States by placing ships which they manage, control and operate under a foreign flag by having the title to the ownership of the ship in the name of an alien company, the stock of which is entirely owned by said American companies.³
- 4. It would be against public policy, unfair and unjust to sanction any law which would deprive an American seaman of the same opportunity to get employment as an alien seaman, by reason of the fact that American seamen are entitled to the benefits of the Jones Act and

² See N. Y. Times, March 29, 1949, p. 51, article headed "Flag-Switch Ships Facing A Boycott" as to the resolution of the International Transport Workers Federation against shipowners in the United States and elsewhere who transfer registry of ships to Panama and Honduras "to beat paying union wages * * and to beat living up to safety rules and regulations".

³ See New York Herald Tribune, February 27, 1947, p. 36, article headed "Ships, Transfer to Panamanian Flag Is Upheld", wherein Joel Medina, Chief of the Shipping Section of the Panamanian Ministry of Finance, was quoted as stating that the capital interest of the greater portion of the Panamanian merchant marine was in the United States and that less than 10% of the crews of these vessels are Panamanian.

alien seamen hired in the United States, as the respondent contends, would not be entitled to the benefits of the Jones Act. This would put the steamship companies in such an advantageous position in relationship to their alien employees, that the Board of Directors of an American corporation would be duty bound to their principals to refuse employment to American seamen and to hire alien seamen, as such procedure would be to the financial advantage of such steamship companies or corporations which would not be chargeable with any liability for injury or illness caused a seaman by the negligent acts of officers or fellow members of the crew.

- 5. Finally, a reading of the Jones Act does not show that any distinction has been made as between alien seamen and American seamen. The only decisions that seem to make a distinction are those dealing with the internal affairs of vessels actually owned by alien citizens, where the contract of employment was not entered into in a United States port and where the additional feature is absent, namely, that the voyage commenced and/or terminated in a United States port.
- 6. It is manifestly unfair and unjust to deny to alien seamen employed aboard vessels chartered to the United States of America (fol. 593), the same rights accorded to American seamen, particularly where the operator of the vessel is actually under the control of the United States Navy.

CONCLUSION

This petition presents a question of extreme significance as to the rights of foreign seamen who sign articles in American ports for service with the American merchant marine. In addition thereto a serious national economic question is raised affecting the employment opportunities of American seamen on American owned vessels under foreign registry. The Court of Appeals of the State of New York has spoken with finality as to the application of the rights and remedies of the Jones Act and General Maritime Law, and by referring the petitioner to the non-existent remedies of Panamanian Law, has precluded him from realizing any recovery for a permanent and total disability suffered in aid of the United States war effort. Accordingly, it is respectfully urged that the petition be granted by this Honorable Court.

JACOB RASSNER, Proctor for Petitioner.

ROBERT KLONSKY,

